

**UNIFIED SCHOOL DISTRICT NO. 378**

Riley, Kansas

**FINANCIAL STATEMENTS**

**WITH**

**INDEPENDENT AUDITORS' REPORT**

June 30, 2011

**UNIFIED SCHOOL DISTRICT NO. 378**  
Riley, Kansas  
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June 30, 2011

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June 11, 2012

Board of Education  
Unified School District No. 378  
Riley, Kansas

### **Independent Auditors' Report**

We have audited the accompanying financial statements of Unified School District No. 378 (the District) as of and for the year ended June 30, 2011, as listed in the table of contents. These statutory financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the *Kansas Municipal Audit Guide*, and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

As described in Note 1, the District prepares these statutory financial statements on a prescribed basis of accounting that demonstrates compliance with the cash basis and budget laws of the State of Kansas, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The effect on the financial statements of the variances between these statutory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash and unencumbered cash balances of the District as of June 30, 2011, and the revenues it received and expenditures it paid for the year then ended in conformity with the basis of accounting described in Note 1.

However, in our opinion, the financial statements referred to above present fairly, in all material respects, the cash and unencumbered cash balances of the District as of June 30, 2011, and the revenues it received and expenditures it paid for the year then ended, on the basis of accounting described in Note 1.

June 11, 2012  
Unified School District No. 378  
(Continued)

In accordance with *Government Auditing Standards*, we have also issued a report dated June 11, 2012, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements of the District, taken as a whole. The information identified in the table of contents as supplementary information is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements of the District. The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and, certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole, on the basis of accounting described in Note 1.

This report is intended for the information and use of the District's administration and Board of Education, and for filing with the State of Kansas, and is not intended to be and should not be used by anyone other than these specified parties. Though restricted in use, reports issued in connection with an audit of a local government may be a matter of public record.

*Varney & Associates, CPAs*  
Certified Public Accountants  
Manhattan, Kansas

# Independent Auditors' Report

**UNIFIED SCHOOL DISTRICT NO. 378**  
**Riley, Kansas**  
**SUMMARY OF CASH RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH**  
**For the Year Ended June 30, 2011**

	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances and Audit Adjustments	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Encumbrances and Accounts Payable	Ending Cash Balance
<b>GOVERNMENTAL TYPE FUNDS</b>							
General Fund	\$ 33,912	\$ -	\$ 5,287,809	\$ 5,319,946	\$ 1,775	\$ 368,451	\$ 370,226
Special Revenue Funds	796,183	-	4,943,287	4,085,816	1,653,654	201,028	1,854,682
Debt Service Funds	684,622	-	396,522	404,780	676,364	-	676,364
<b>Total Reporting Entity (Excluding Agency (Funds))</b>	<b>\$ 1,514,717</b>	<b>\$ -</b>	<b>\$ 10,627,618</b>	<b>\$ 9,810,542</b>	<b>\$ 2,331,793</b>	<b>\$ 569,479</b>	<b>\$ 2,901,272</b>
<b>Composition of Cash</b>							
Checking Account - Riley State Bank							\$ 2,871,856
Checking Account - Leonardville State Bank							6,142
Checking Account - Activity Fund - High School							36,436
Checking Account - Activity Fund - Grade School							5,485
Checking Account - Flex Account							20,702
Checking Account - Petty Cash							2,573
<b>Total Cash</b>							<b>\$ 2,943,194</b>
<b>Agency Funds</b>							<b>41,922</b>
<b>Total Reporting Entity (Excluding Agency Funds)</b>							<b>\$ 2,901,272</b>

STATEMENT 1

The accompanying notes are an integral part of these financial statements.  
See Independent Auditors' Report.

# Financial Statements

**UNIFIED SCHOOL DISTRICT NO. 378**  
**Riley, Kansas**  
**SUMMARY OF EXPENDITURES - ACTUAL AND BUDGET**  
**For the Year Ended June 30, 2011**

<b>Funds</b>	<b>Certified Budget</b>	<b>Adjustment to Comply with Legal Max</b>	<b>Adjustment for Qualifying Budget Credits</b>	<b>Total Budget for Comparison</b>	<b>Expenditures Chargeable to Current Year</b>	<b>Variance - Favorable (Unfavorable)</b>
Governmental Fund Types						
General Funds						
General	\$ 4,963,770	\$ -	\$ 357,306	\$ 5,321,076	\$ 5,319,946	\$ 1,130
Supplemental General	1,647,308	-	-	1,647,308	1,646,633	675
Special Revenue Funds	2,450,602	-	-	2,450,602	2,253,234	197,368
Debt Service Funds	404,781	-	-	404,781	404,780	1
<b>Total Funds</b>	<b>\$ 9,466,461</b>	<b>\$ -</b>	<b>\$ 357,306</b>	<b>\$ 9,823,767</b>	<b>\$ 9,624,593</b>	<b>\$ 199,174</b>

STATEMENT 2

The accompanying notes are an integral part of these financial statements.  
See Independent Auditors' Report.

# Financial Statements

## UNIFIED SCHOOL DISTRICT NO. 378

Riley, Kansas

## GENERAL FUND

## STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

For the Year Ended June 30, 2011

With Comparative Actual Totals for the Prior Year Ended June 30, 2010

	Prior Year Actual	Current Year		Variance - Favorable (Unfavorable)
	Actual	Actual	Budget	
CASH RECEIPTS				
Taxes and shared revenue				
Ad valorem property tax	\$ 602,663	\$ 624,269	\$ 591,865	\$ 32,404
Delinquent taxes	8,142	9,917	9,215	702
State aid				
Equalization aid	3,551,628	3,341,104	3,798,171	(457,067)
Special education aid	642,050	693,136	680,640	12,496
Miscellaneous	4,700	-	-	-
Federal aid				
Federal impact aid	24,972	17,855	-	17,855
ARRA funds	227,669	88,776	88,776	-
Education Job Funds aid	-	155,446	-	155,446
Reimbursements	248,737	357,306	-	357,306
Total Cash Receipts	\$ 5,310,561	\$ 5,287,809	\$ 5,168,667	\$ 119,142
EXPENDITURES				
Instruction	\$ 2,500,407	2,251,197	\$ 2,213,797	\$ (37,400)
Student support	141,830	149,164	135,015	(14,149)
Instructional support staff	105,850	81,477	83,917	2,440
General administration	369,028	308,356	324,465	16,109
School administration	418,054	424,756	376,883	(47,873)
Operations and maintenance	971,273	1,067,364	1,055,568	(11,796)
Other supplemental service	15,407	2,007	7,950	5,943
Operating transfers	791,236	1,035,625	766,175	(269,450)
Total Expenditures	\$ 5,313,085	\$ 5,319,946 *	\$ 4,963,770	\$ (356,176)
RECEIPTS OVER (UNDER)				
EXPENDITURES	\$ (2,524)	\$ (32,137)	\$ 204,897	\$ (237,034)
UNENCUMBERED CASH - BEGINNING				
	9,034	33,912		
Prior year cancelled encumbrances	27,402	-		
UNENCUMBERED CASH - ENDING				
	\$ 33,912	\$ 1,775		

\*Total expenditures of \$5,319,946 less allowable budget credits of \$357,306, for a total of \$4,962,640.

**UNIFIED SCHOOL DISTRICT NO. 378**  
 Riley, Kansas  
**SUPPLEMENTAL GENERAL FUND**  
**STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET**  
 For the Year Ended June 30, 2011  
 With Comparative Actual Totals for the Prior Year Ended June 30, 2010

	Prior Year Actual	Current Year		Variance - Favorable (Unfavorable)
	Actual	Actual	Budget	
<b>CASH RECEIPTS</b>				
Taxes and shared revenue				
Ad valorem property tax	\$ 724,636	\$ 767,532	\$ 808,005	\$ (40,473)
Delinquent taxes	10,242	11,022	11,204	(182)
Motor vehicle tax	106,758	112,612	124,379	(11,767)
Federal aid				
ARRA funds	184,373	-	-	-
State aid				
Equalization aid	542,658	765,865	789,772	(23,907)
<b>Total Cash Receipts</b>	<u>\$ 1,568,667</u>	<u>\$ 1,657,031</u>	<u>\$ 1,733,360</u>	<u>\$ (76,329)</u>
<b>EXPENDITURES</b>				
Instruction	\$ 237,670	\$ 22,175	\$ 166,858	\$ 144,683
Instructional support staff	308,539	223,769	226,354	2,585
General administration	-	24,755	-	(24,755)
School administration	38,080	38,722	36,000	(2,722)
Operations and maintenance	81,425	59,301	75,000	15,699
Vehicle operating services	40,734	30,983	75,000	44,017
Operating transfers	878,039	1,246,928	1,068,096	(178,832)
<b>Total Expenditures</b>	<u>\$ 1,584,487</u>	<u>\$ 1,646,633</u>	<u>\$ 1,647,308</u>	<u>\$ 675</u>
<b>RECEIPTS OVER (UNDER)</b>				
<b>EXPENDITURES</b>	\$ (15,820)	\$ 10,398	<u>\$ 86,052</u>	<u>\$ (75,654)</u>
<b>UNENCUMBERED CASH - BEGINNING</b>	20,590	36,602		
Prior year cancelled encumbrances	31,832	-		
<b>UNENCUMBERED CASH - ENDING</b>	<u>\$ 36,602</u>	<u>\$ 47,000</u>		

# Financial Statements



## UNIFIED SCHOOL DISTRICT NO. 378

Riley, Kansas

AT RISK

## STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

For the Year Ended June 30, 2011

With Comparative Actual Totals for the Prior Year Ended June 30, 2010

	Prior Year Actual	Current Year		Variance - Favorable (Unfavorable)
		Actual	Budget	
<b>CASH RECEIPTS</b>				
Transfer	\$ 57,000	\$ 180,000	\$ 180,000	\$ -
<b>EXPENDITURES</b>				
Instruction	\$ 104,390	\$ 128,733	\$ 180,000	\$ 51,267
<b>RECEIPTS OVER (UNDER) EXPENDITURES</b>	\$ (47,390)	\$ 51,267	\$ -	\$ 51,267
<b>UNENCUMBERED CASH - BEGINNING</b>	64,737	17,366		
Prior year cancelled encumbrances	19	-		
<b>UNENCUMBERED CASH - ENDING</b>	\$ 17,366	\$ 68,633		

Financial Statements

## UNIFIED SCHOOL DISTRICT NO. 378

Riley, Kansas

## CAPITAL OUTLAY FUND

## STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

For the Year Ended June 30, 2011

With Comparative Actual Totals for the Prior Year Ended June 30, 2010

	Prior Year Actual	Current Year		Variance - Favorable (Unfavorable)
		Actual	Budget	
<b>CASH RECEIPTS</b>				
Taxes and shared revenue				
Ad valorem property tax	\$ 196,363	\$ 205,156	\$ 198,825	\$ 6,331
Delinquent taxes	887	2,864	3,091	(227)
Motor vehicle tax	9,913	14,792	18,042	(3,250)
Other county revenue	698	874	-	874
Interest income	3,961	4,775	-	4,775
Reimbursements	-	461	-	461
Transfers in	50,000	138,798	94,500	44,298
<b>Total Cash Receipts</b>	<u>\$ 261,822</u>	<u>\$ 367,720</u>	<u>\$ 314,458</u>	<u>\$ 53,262</u>
<b>EXPENDITURES</b>				
Transportation equipment	\$ 7,730	\$ 56,399	\$ -	\$ (56,399)
Land improvement	-	64,132	120,000	55,868
New building acquisition	75,034	75,469	75,000	(469)
Repair and remodel buildings	-	20,000	60,000	40,000
<b>Total Expenditures</b>	<u>\$ 82,764</u>	<u>\$ 216,000</u>	<u>\$ 255,000</u>	<u>\$ 39,000</u>
<b>RECEIPTS OVER (UNDER)</b>				
<b>EXPENDITURES</b>	\$ 179,058	\$ 151,720	<u>\$ 59,458</u>	<u>\$ 92,262</u>
<b>UNENCUMBERED CASH - BEGINNING</b>	<u>104,993</u>	<u>284,051</u>		
<b>UNENCUMBERED CASH - ENDING</b>	<u>\$ 284,051</u>	<u>\$ 435,771</u>		

## Financial Statements

**UNIFIED SCHOOL DISTRICT NO. 378**  
 Riley, Kansas  
**DRIVERS EDUCATION FUND**  
**STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET**  
 For the Year Ended June 30, 2011  
 With Comparative Actual Totals for the Prior Year Ended June 30, 2010

	Prior Year Actual	Current Year		Variance - Favorable (Unfavorable)
		Actual	Budget	
<b>CASH RECEIPTS</b>				
State aid	\$ 2,150	\$ 3,108	\$ 3,850	\$ (742)
Transfers	18,757	20,000	20,000	-
Fees	1,900	8,070	-	8,070
<b>Total Cash Receipts</b>	<u>\$ 22,807</u>	<u>\$ 31,178</u>	<u>\$ 23,850</u>	<u>\$ (742)</u>
<b>EXPENDITURES</b>				
Salaries	\$ 14,586	\$ 14,333	\$ 15,000	\$ 667
Employee benefits	1,131	1,137	1,550	413
Supplies	913	4	950	946
Vehicle operation	1,209	1,490	2,300	810
<b>Total Expenditures</b>	<u>\$ 17,839</u>	<u>\$ 16,964</u>	<u>\$ 19,800</u>	<u>\$ 2,836</u>
<b>RECEIPTS OVER (UNDER) EXPENDITURES</b>	\$ 4,968	\$ 14,214	<u>\$ 4,050</u>	<u>\$ 2,094</u>
<b>UNENCUMBERED CASH - BEGINNING</b>	<u>538</u>	<u>5,506</u>		
<b>UNENCUMBERED CASH - ENDING</b>	<u>\$ 5,506</u>	<u>\$ 19,720</u>		

**Financial Statements**

## UNIFIED SCHOOL DISTRICT NO. 378

Riley, Kansas

## FOOD SERVICE FUND

## STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

For the Year Ended June 30, 2011

With Comparative Actual Totals for the Prior Year Ended June 30, 2010

	Prior Year Actual	Current Year		Variance - Favorable (Unfavorable)
		Actual	Budget	
<b>CASH RECEIPTS</b>				
Sales	\$ 187,980	\$ 174,826	\$ 171,987	\$ 2,839
State aid	3,895	3,644	3,140	504
Federal aid	137,330	140,853	138,047	2,806
Other	17,684	16,644	-	16,644
Transfers	197,460	322,168	369,168	(47,000)
<b>Total Cash Receipts</b>	<u>\$ 544,349</u>	<u>\$ 658,135</u>	<u>\$ 682,342</u>	<u>\$ (24,207)</u>
<b>EXPENDITURES</b>				
Salaries	\$ 166,474	\$ 130,275	\$ 150,000	\$ 19,725
Employee benefits	36,566	28,255	28,500	245
Food	263,375	232,005	308,300	76,295
Supplies	13,147	12,346	25,000	12,654
Property	988	403	10,000	9,597
Other	7,523	10,759	1,500	(9,259)
<b>Total Expenditures</b>	<u>\$ 488,073</u>	<u>\$ 414,043</u>	<u>\$ 523,300</u>	<u>\$ 109,257</u>
<b>RECEIPTS OVER (UNDER) EXPENDITURES</b>	\$ 56,276	\$ 244,092	<u>\$ 159,042</u>	<u>\$ 85,050</u>
<b>UNENCUMBERED CASH - BEGINNING</b>	25,565	83,226		
Prior year cancelled encumbrances	<u>1,385</u>	<u>-</u>		
<b>UNENCUMBERED CASH - ENDING</b>	<u>\$ 83,226</u>	<u>\$ 327,318</u>		

Financial Statements

**UNIFIED SCHOOL DISTRICT NO. 378**  
 Riley, Kansas  
**PROFESSIONAL DEVELOPMENT FUND**  
**STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET**  
 For the Year Ended June 30, 2011  
 With Comparative Actual Totals for the Prior Year Ended June 30, 2010

	Prior Year Actual	Current Year		Variance - Favorable (Unfavorable)
		Actual	Budget	
<b>CASH RECEIPTS</b>	\$ -	\$ -	\$ -	\$ -
<b>EXPENDITURES</b>				
Inservice CPSI	\$ 4,343	\$ -	\$ -	\$ -
<b>RECEIPTS OVER (UNDER) EXPENDITURES</b>	\$ (4,343)	\$ -	\$ -	\$ -
<b>UNENCUMBERED CASH - BEGINNING</b>	6,000	1,657		
<b>UNENCUMBERED CASH - ENDING</b>	\$ 1,657	\$ 1,657		

**UNIFIED SCHOOL DISTRICT NO. 378**  
 Riley, Kansas  
**SPECIAL EDUCATION FUND**  
**STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET**  
 For the Year Ended June 30, 2011  
 With Comparative Actual Totals for the Prior Year Ended June 30, 2010

	Prior Year Actual	Current Year		Variance - Favorable (Unfavorable)
		Actual	Budget	
<b>CASH RECEIPTS</b>				
Transfers	\$ 1,010,000	\$ 1,173,669	\$ 925,450	\$ 248,219
Federal aid				
Federal impact aid	10,702	7,652	-	7,652
<b>Total Cash Receipts</b>	<u>\$ 1,020,702</u>	<u>\$ 1,181,321</u>	<u>\$ 925,450</u>	<u>\$ 255,871</u>
<b>EXPENDITURES</b>				
Instruction	\$ 932,231	\$ 977,029	\$ 840,000	\$ (137,029)
Operations and maintenance	31,995	5,406	35,000	29,594
Student transportation	26,672	29,183	28,300	(883)
<b>Total Expenditures</b>	<u>\$ 990,898</u>	<u>\$ 1,011,618</u>	<u>\$ 903,300</u>	<u>\$ (108,318)</u>
<b>RECEIPTS OVER (UNDER) EXPENDITURES</b>	\$ 29,804	\$ 169,703	<u>\$ 22,150</u>	<u>\$ 147,553</u>
<b>UNENCUMBERED CASH - BEGINNING</b>	<u>47,389</u>	<u>77,193</u>		
<b>UNENCUMBERED CASH - ENDING</b>	<u>\$ 77,193</u>	<u>\$ 246,896</u>		

# Financial Statements

**UNIFIED SCHOOL DISTRICT NO. 378**  
 Riley, Kansas  
**VOCATIONAL EDUCATION FUND**  
**STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET**  
 For the Year Ended June 30, 2011  
 With Comparative Actual Totals for the Prior Year Ended June 30, 2010

	Prior Year Actual	Current Year		Variance - Favorable (Unfavorable)
		Actual	Budget	
<b>CASH RECEIPTS</b>				
Transfers	\$ 273,000	\$ 383,332	\$ 383,332	\$ -
<b>EXPENDITURES</b>				
Salaries and benefits	\$ 251,371	\$ 236,174	\$ 247,545	\$ 11,371
Teaching supplies	5,137	6,501	8,400	1,899
Textbooks	2,011	1,821	2,125	304
Miscellaneous supplies	596	-	1,250	1,250
Equipment	1,701	102	1,500	1,398
Other	1,240	788	2,600	1,812
<b>Total Expenditures</b>	<u>\$ 262,056</u>	<u>\$ 245,386</u>	<u>\$ 263,420</u>	<u>\$ 18,034</u>
<b>RECEIPTS OVER (UNDER) EXPENDITURES</b>	\$ 10,944	\$ 137,946	<u>\$ 119,912</u>	<u>\$ 18,034</u>
<b>UNENCUMBERED CASH - BEGINNING</b>	2,993	15,150		
Prior year cancelled encumbrances	<u>1,213</u>	<u>-</u>		
<b>UNENCUMBERED CASH - ENDING</b>	<u>\$ 15,150</u>	<u>\$ 153,096</u>		

*Financial Statements*

**UNIFIED SCHOOL DISTRICT NO. 378**  
 Riley, Kansas  
**PARENTS' EDUCATION FUND**  
**STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET**  
 For the Year Ended June 30, 2011  
 With Comparative Actual Totals for the Prior Year Ended June 30, 2010

	Prior Year Actual	Current Year		Variance - Favorable (Unfavorable)
		Actual	Budget	
<b>CASH RECEIPTS</b>				
Transfers	\$ 13,057	\$ 19,586	\$ 15,000	\$ 4,586
<b>EXPENDITURES</b>				
Instruction	\$ 13,057	\$ 15,000	\$ 15,000	\$ -
<b>RECEIPTS OVER (UNDER) EXPENDITURES</b>	\$ -	\$ 4,586	\$ -	\$ 4,586
<b>UNENCUMBERED CASH - BEGINNING</b>	-	-		
<b>UNENCUMBERED CASH - ENDING</b>	\$ -	\$ 4,586		

# Financial Statements



## UNIFIED SCHOOL DISTRICT NO. 378

Riley, Kansas

## BOND AND INTEREST FUND

## STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

For the Year Ended June 30, 2011

With Comparative Actual Totals for the Prior Year Ended June 30, 2010

	Prior Year Actual	Current Year		Variance - Favorable (Unfavorable)
		Actual	Budget	
<b>CASH RECEIPTS</b>				
Taxes and shared revenue				
Ad valorem property tax	\$ 215,307	\$ 221,401	\$ 215,940	\$ 5,461
Delinquent taxes	3,632	4,081	3,335	746
Other county revenue	3,148	2,440	-	2,440
Motor vehicle tax	33,482	31,006	36,925	(5,919)
State aid	120,177	137,594	137,626	(32)
<b>Total Cash Receipts</b>	<b>\$ 375,746</b>	<b>\$ 396,522</b>	<b>\$ 393,826</b>	<b>\$ 2,696</b>
<b>EXPENDITURES</b>				
Bond principal	\$ 280,000	\$ 320,000	\$ 320,000	\$ -
Interest	95,452	84,780	84,781	1
Commission and postage	35	-	-	-
<b>Total Expenditures</b>	<b>\$ 375,487</b>	<b>\$ 404,780</b>	<b>\$ 404,781</b>	<b>\$ 1</b>
<b>RECEIPTS OVER (UNDER) EXPENDITURES</b>	<b>\$ 259</b>	<b>\$ (8,258)</b>		
<b>UNENCUMBERED CASH - BEGINNING</b>	<b>684,363</b>	<b>684,622</b>		
<b>UNENCUMBERED CASH - ENDING</b>	<b>\$ 684,622</b>	<b>\$ 676,364</b>		

Financial Statements

**UNIFIED SCHOOL DISTRICT NO. 378**  
 Riley, Kansas  
**KPERS SPECIAL RETIREMENT CONTRIBUTION FUND**  
**STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET**  
 For the Year Ended June 30, 2011  
 With Comparative Actual Totals for the Prior Year Ended June 30, 2010

	Prior Year Actual	Current Year		Variance - Favorable (Unfavorable)
		Actual	Budget	
<b>CASH RECEIPTS</b>				
Intergovernmental	\$ 257,329	\$ 205,490	\$ 290,782	\$ (85,292)
<b>EXPENDITURES</b>				
Employer contributions	\$ 257,329	\$ 205,490	\$ 290,782	\$ 85,292
<b>RECEIPTS OVER (UNDER) EXPENDITURES</b>	\$ -	\$ -	<u>\$ -</u>	<u>\$ -</u>
<b>UNENCUMBERED CASH - BEGINNING</b>	<u>-</u>	<u>-</u>		
<b>UNENCUMBERED CASH - ENDING</b>	<u>\$ -</u>	<u>\$ -</u>		

*Financial Statements*

**UNIFIED SCHOOL DISTRICT NO. 378**  
**Riley, Kansas**  
**STUDENT ORGANIZATION FUNDS**  
**STATEMENT OF CASH RECEIPTS AND CASH DISBURSEMENTS**  
For the Year Ended June 30, 2011

**STATEMENT 4**

	<u>Balance</u> <u>July 1, 2010</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2011</u>
<b>High School</b>				
AD Athletic Fund	\$ 3,682	\$ 1,444	\$ 3,297	\$ 1,829
AD BB Fund	1,679	2,459	1,719	2,419
Ad Fundraiser - Pop	16	25	-	41
Ag Education	1,201	-	1,201	-
Art Club	1,207	1,950	1,285	1,872
Art Rev	40	5	45	-
Band Miscellaneous	278	-	141	137
Baseball Misc	172	2,051	2,122	101
Bill Greene Fund	333	-	333	-
Boys Basketball Misc	156	1,822	1,567	411
Cheerleaders	(805)	15,155	15,303	(953)
Chess	987	-	987	-
Class of 2008	15	-	15	-
Class of 2010	647	-	647	-
Class of 2011	620	228	848	-
Class of 2012	374	4,785	4,394	765
Class of 2013	446	76	-	522
Class of 2014	-	935	-	935
Community Leadership	411	-	-	411
Culture Club	283	1,921	834	1,370
Dance-Drill Team	932	-	932	-
Debate	274	-	-	274
Ecology Club	375	1,110	1,320	165
Family & Consumer Sciences	46	-	46	-
Future Business Leaders America	3,456	2,139	2,059	3,536
FCCLA	1,528	4,754	5,463	819
FFA	6,711	22,330	21,124	7,917
Football - Misc	3,886	34	2,437	1,483
Forensics	411	-	-	411
Girls Basketball Ad Sales	16	1,842	1,268	590
Golf - Misc	753	4,467	4,023	1,197
Industrial Education	1,535	-	1,535	-
Key Club - Admin	-	1,075	600	475
Mass Media III - Digital Video	363	-	66	297
National Honor Society	1,360	2,370	3,167	563
Patch Fund	7	748	702	53
Pepclub	1,584	726	1,691	619
Renaissance	(65)	3,292	1,220	2,007
R in B	1,558	4,741	4,550	1,749
SADD	433	-	-	433
Softball - Misc	886	171	978	79
Senior Sitting Fee	482	392	300	574
Subtotal	<u>\$ 38,273</u>	<u>\$ 83,047</u>	<u>\$ 88,219</u>	<u>\$ 33,101</u>

(Continued)

**Financial Statements**

UNIFIED SCHOOL DISTRICT NO. 378  
Riley, Kansas  
STUDENT ORGANIZATION FUNDS (CONTINUED)  
STATEMENT OF CASH RECEIPTS AND CASH DISBURSEMENTS  
For the Year Ended June 30, 2011

STATEMENT 4

	Balance July 1, 2010	Cash Receipts	Cash Disbursements	Balance June 30, 2011
Subtotal from previous page	\$ 38,273	\$ -	\$ -	\$ 33,101
Student Council	1,133	2,780	2,576	1,337
Summer Camp Insurance	51	-	51	-
Tri-M	506	2,009	1,583	932
Vocal Music	115	1,351	1,163	303
Volleyball - Misc	230	4,258	3,541	947
Wresting	-	6,318	5,907	411
Yearbook	(976)	11,003	10,621	(594)
<b>Total High School</b>	<u>\$ 39,332</u>	<u>\$ 27,719</u>	<u>\$ 25,442</u>	<u>\$ 36,437</u>
<b>Grade School</b>				
Athletics	\$ (447)	\$ 4,998	\$ 5,129	\$ (578)
Band	(7)	-	-	(7)
Class of 2015	687	19,343	17,388	2,642
Class of 2016	-	2,183	345	1,838
Class of 2014	886	-	886	-
Falcon Day Fund	250	-	-	250
Flowers	1,307	533	858	982
Pep Club	(1,549)	11,339	7,965	1,825
Recorders	652	313	341	624
School Events	(937)	4,071	4,399	(1,265)
Social	518	234	889	(137)
Student Council	(450)	3,507	2,908	149
Yearbook	248	5,353	6,459	(858)
KYLA Sponsorship	20	-	-	20
<b>Total Grade School</b>	<u>\$ 1,178</u>	<u>\$ 51,874</u>	<u>\$ 47,567</u>	<u>\$ 5,485</u>
<b>TOTAL ACTIVITY FUNDS</b>	<u>\$ 40,510</u>	<u>\$ 79,593</u>	<u>\$ 73,009</u>	<u>\$ 41,922</u>

Financial Statements

UNIFIED SCHOOL DISTRICT NO. 378  
Manhattan, Kansas

SPECIAL REVENUE FUNDS

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ALL BUDGETED  
For the Year Ended June 30, 2011

	Supplemental General	At Risk	Capital Outlay	Drivers Education	Food Service	Professional Development
<b>RECEIPTS</b>						
Taxes	\$ 778,554	\$ -	\$ 208,020	\$ -	\$ -	\$ -
Intergovernmental	878,477	-	15,666	3,108	144,497	-
Fees and charges	-	-	-	-	174,826	-
Interest	-	-	-	-	-	-
Other	-	-	4,775	-	-	-
Transfers in	-	-	461	8,070	16,644	-
	-	180,000	138,798	20,000	322,168	-
<b>Total Receipts</b>	<b>\$ 1,657,031</b>	<b>\$ 180,000</b>	<b>\$ 367,720</b>	<b>\$ 31,178</b>	<b>\$ 658,135</b>	<b>\$ -</b>
<b>EXPENDITURES</b>						
Instruction	\$ 22,175	\$ 128,733	\$ -	\$ 15,470	\$ -	\$ -
Instructional support staff	223,769	-	-	-	-	-
School administration	38,722	-	-	-	-	-
Operation and maintenance	59,301	-	-	1,490	-	-
Vehicle operating services	30,983	-	-	-	-	-
Food service	-	-	-	-	402,881	-
New Building Acquisition	-	-	75,469	-	-	-
Capital outlay	-	-	84,132	-	403	-
Other	-	-	-	4	10,759	-
Operating transfers	1,246,928	-	-	-	-	-
<b>Total Expenditures</b>	<b>\$ 1,646,633</b>	<b>\$ 128,733</b>	<b>\$ 216,000</b>	<b>\$ 16,964</b>	<b>\$ 414,043</b>	<b>\$ -</b>
<b>RECEIPTS OVER (UNDER)</b>						
<b>EXPENDITURES</b>	\$ 10,398	\$ 51,267	\$ 151,720	\$ 14,214	\$ 244,092	\$ -
<b>UNENCUMBERED CASH - BEGINNING</b>	36,602	17,366	284,051	5,506	83,226	1,657
<b>UNENCUMBERED CASH - ENDING</b>	<b>\$ 47,000</b>	<b>\$ 68,633</b>	<b>\$ 435,771</b>	<b>\$ 19,720</b>	<b>\$ 327,318</b>	<b>\$ 1,657</b>

STATEMENT 5

The accompanying notes are an integral part of these financial statements.  
See Independent Auditors' Report.

# Financial Statements

UNIFIED SCHOOL DISTRICT NO. 378  
Manhattan, Kansas

SPECIAL REVENUE FUNDS

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ALL BUDGETED (CONTINUED)

For the Year Ended June 30, 2011

	Special Education	Vocational Education	Parents' Education	KPERS	Totals
<b>RECEIPTS</b>					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 986,574
Intergovernmental	7,652	-	-	205,490	1,254,890
Fees and charges	-	-	-	-	174,826
Interest	-	-	-	-	4,775
Other	-	-	-	-	25,175
Transfers in	1,173,669	383,332	19,586	-	2,237,553
<b>Total Receipts</b>	<b>\$ 1,181,321</b>	<b>\$ 383,332</b>	<b>\$ 19,586</b>	<b>\$ 205,490</b>	<b>\$ 4,683,793</b>
<b>EXPENDITURES</b>					
Instruction	\$ 977,029	\$ 244,496	\$ 15,000	\$ -	\$ 1,402,903
Instructional support staff	-	-	-	-	223,769
School administration	-	-	-	-	38,722
Operation and maintenance	5,406	102	-	-	66,299
Vehicle operating services	-	-	-	-	30,983
Student transportation	29,183	-	-	-	29,183
Food service	-	-	-	-	402,881
New Building Acquisition	-	-	-	-	75,469
Capital outlay	-	-	-	-	84,535
Other	-	788	-	-	11,551
Operating transfers	-	-	-	-	1,246,928
Employer contributions	-	-	-	-	205,490
<b>Total Expenditures</b>	<b>\$ 1,011,618</b>	<b>\$ 245,386</b>	<b>\$ 15,000</b>	<b>\$ 205,490</b>	<b>\$ 3,899,867</b>
<b>RECEIPTS OVER (UNDER)</b>					
<b>EXPENDITURES</b>					
	\$ 169,703	\$ 137,946	\$ 4,586	\$ -	\$ 783,926
<b>UNENCUMBERED CASH - BEGINNING</b>					
	77,193	15,150	-	-	520,751
Prior year cancelled encumbrances	-	-	-	-	-
<b>UNENCUMBERED CASH - ENDING</b>					
	\$ 246,896	\$ 153,096	\$ 4,586	\$ -	\$ 1,304,677

STATEMENT 5

The accompanying notes are an integral part of these financial statements.  
See Independent Auditors' Report.

# Financial Statements

**UNIFIED SCHOOL DISTRICT NO. 378**  
**Riley, Kansas**

**SPECIAL REVENUE FUNDS**

**STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ALL NON-BUDGETED**

For the Year Ended June 30, 2011

	Textbook Rental	Title II-A Teacher Quality	Student Materials Revolving	Contingency Reserve	Title I
<b>RECEIPTS</b>					
Intergovernmental	\$ -	\$ 22,937	\$ -	\$ -	\$ 90,249
Other	19,510	-	4,714	-	-
Transfers in	-	-	-	45,000	-
<b>Total Receipts</b>	<b>\$ 19,510</b>	<b>\$ 22,937</b>	<b>\$ 4,714</b>	<b>\$ 45,000</b>	<b>\$ 90,249</b>
<b>EXPENDITURES</b>					
Salaries and benefits	\$ -	\$ 9,009	\$ -	\$ -	\$ 81,651
Purchased services	923	8,241	-	-	3,492
Supplies	-	5,075	-	-	5,015
<b>Total Expenditures</b>	<b>\$ 923</b>	<b>\$ 22,325</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 90,158</b>
<b>RECEIPTS OVER (UNDER) EXPENDITURES</b>	<b>\$ 18,587</b>	<b>\$ 612</b>	<b>\$ 4,714</b>	<b>\$ 45,000</b>	<b>\$ 91</b>
<b>UNENCUMBERED CASH - BEGINNING</b>	<b>-</b>	<b>(612)</b>	<b>24,703</b>	<b>253,282</b>	<b>(91)</b>
<b>UNENCUMBERED CASH - ENDING</b>	<b>\$ 18,587</b>	<b>\$ -</b>	<b>\$ 29,417</b>	<b>\$ 298,282</b>	<b>\$ -</b>

The accompanying notes are an integral part of these financial statements.  
See Independent Auditors' Report.

UNIFIED SCHOOL DISTRICT NO. 378  
Riley, Kansas

SPECIAL REVENUE FUNDS  
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ALL NON-BUDGETED (CONTINUED)  
For the Year Ended June 30, 2011

	Activity Fund	Title IV Safe & Drug Free	Title II D Technology	Title I Grants 2009 ARRA	Title II D Ed Tech 2009 ARRA	Total
<b>RECEIPTS</b>						
Intergovernmental	\$ -	\$ -	\$ 305	\$ 21,104	\$ 821	\$ 135,416
Other	54,854	-	-	-	-	79,078
Transfers in	-	-	-	-	-	45,000
<b>Total Receipts</b>	<b>\$ 54,854</b>	<b>\$ -</b>	<b>\$ 305</b>	<b>\$ 21,104</b>	<b>\$ 821</b>	<b>\$ 259,494</b>
<b>EXPENDITURES</b>						
Salaries and benefits	\$ -	\$ -	\$ -	\$ 21,104	\$ -	\$ 111,764
Purchased services	50,313	-	-	-	821	63,790
Supplies	-	-	305	-	-	10,395
<b>Total Expenditures</b>	<b>\$ 50,313</b>	<b>\$ -</b>	<b>\$ 305</b>	<b>\$ 21,104</b>	<b>\$ 821</b>	<b>\$ 185,949</b>
<b>RECEIPTS OVER (UNDER) EXPENDITURES</b>	<b>\$ 4,541</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 73,545</b>
<b>UNENCUMBERED CASH - BEGINNING</b>	<b>-</b>	<b>(1,850)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>275,432</b>
<b>UNENCUMBERED CASH - ENDING</b>	<b>\$ 4,541</b>	<b>\$ (1,850)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 348,977</b>

The accompanying notes are an integral part of these financial statements.  
See Independent Auditors' Report.



UNIFIED SCHOOL DISTRICT NO. 378  
Riley, Kansas  
**STATEMENT OF CHANGES IN LONG-TERM DEBT**  
For the Year Ended June 30, 2011

ISSUE	Interest Rates	Date of Issue	Amount of Issue	Date of Final Maturity	Balance Beginning of Year	Reductions/ Payments	Net Change	Balance End of Year	Interest Paid
General Obligation Bonds									
Series 2003	1.45%/3.55%	8/15/03	2,030,000	12/1/13	\$ 755,000	\$ 195,000	\$ (195,000)	\$ 560,000	\$ 21,723
Series 2007A	3.5%/3.8%	4/1/07	1,780,000	9/1/19	1,785,000	125,000	(125,000)	1,660,000	63,058
<b>TOTAL LONG-TERM DEBT</b>					<u>\$ 2,540,000</u>	<u>\$ 320,000</u>	<u>\$ (320,000)</u>	<u>\$ 2,220,000</u>	<u>\$ 84,780</u>

The accompanying notes are an integral part of these financial statements.  
See Independent Auditors' Report.

# Financial Statements

## For the Year Ended June 30, 2011

	2012	2013	2014	2015	2016	2017 - 2021	Total
<b>Principal</b>							
General obligations bonds	\$ 350,000	\$ 365,000	\$ 280,000	\$ 170,000	\$ 180,000	\$ 875,000	\$ 2,220,000
<b>Interest</b>							
General obligation bonds	\$ 73,865	\$ 61,749	\$ 50,425	\$ 42,358	\$ 36,013	\$ 68,554	\$ 332,964
<b>TOTAL PRINCIPAL AND INTEREST</b>	<b>\$ 423,865</b>	<b>\$ 426,749</b>	<b>\$ 330,425</b>	<b>\$ 212,358</b>	<b>\$ 216,013</b>	<b>\$ 943,554</b>	<b>\$ 2,552,964</b>

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# Financial Statements

UNIFIED SCHOOL DISTRICT NO. 378  
Riley, Kansas  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2011

**Note 1: Summary of Significant Accounting Policies**

Unified School District No. 378 (the District) has established a system of accounting maintained to reflect compliance with the applicable laws of the State of Kansas. The accompanying financial statements are presented after applying memorandum adjustments, where applicable, to record accrued revenues, expenses and inventories, resulting in financial statements presented on a modified accrual basis of accounting. The District has no component units.

**Basis of Presentation**

*Statutory Basis of Accounting* - The statutory basis of accounting, as used in the preparation of these statutory basis financial statements, is designed to demonstrate compliance with the cash basis and budget laws of the State of Kansas. Cash receipts are recognized when the cash balance of a fund is increased. Expenditures include disbursements, accounts payable, and encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods and services, and are usually evidenced by a purchase order or written contract. For an interfund transaction, a cash receipt is recorded in the fund receiving cash from another fund, and an expenditure would be charged in the fund from which the transfer is made.

*Departure from Generally Accepted Accounting Principles* - The basis of accounting described above results in a financial statement presentation which shows cash receipts, cash disbursements, cash and unencumbered cash balances, and expenditures compared to budget. Balance sheets that would have shown noncash assets such as receivables, inventories, and prepaid expense, liabilities such as deferred revenue and matured principal and interest payable, and reservations of the fund balance are not presented. Under U.S. generally accepted accounting principles, encumbrances are only recognized as reservation of fund balance; encumbrances outstanding at year end do not constitute expenditures or liabilities. Consequently, the expenditures as reported do not present the cost of goods and services received during the fiscal year in accordance with U.S. generally accepted accounting principles. General fixed assets that account for the land, buildings, and equipment owned by the municipality are not presented in the financial statements. Also, general long-term debt such as general obligation bonds, temporary notes, and compensated absences are not presented in the financial statements.

Property taxes recognized as revenue for the year ended June 30, 2011 represent the tax in process from the previous year which is collected plus the taxes collected from the 2010 levy by June 30, 2011. The remaining taxes from the 2010 levy are measurable but are not available to finance June 30, 2011 expenditures and are considered to be budgeted to finance June 30, 2012 expenditures. Deferred revenues in the governmental fund types represent taxes in process at June 30, 2011 from the 2010 tax levy which will be used to finance June 30, 2012 expenditures.

**Fund Descriptions**

A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

UNIFIED SCHOOL DISTRICT NO. 378  
Riley, Kansas  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
June 30, 2011

**Note 1: Summary of Significant Accounting Policies (Continued)**

**Fund Descriptions (Continued)**

The following types of funds comprise the financial activities of the District for the year ended June 30, 2011:

**Governmental Funds**

*General Fund* is used to account for all unrestricted resources except those required to be accounted for in another fund.

*Special Revenue Funds* are used to account for the proceeds of specific revenue sources (other than major capital projects) that are restricted by law or administrative action to expenditure for specified purposes.

*Debt Service Fund* is used to account for the accumulation of resources for and the payment of interest and principal on general long-term debt.

**Fiduciary Funds**

Trust and Agency Funds are used to account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. Those include expendable trust funds and agency funds. The activity funds are considered an agency fund and the balance on hand is payable to student organizations.

**Waiver of Financial Reporting Requirements**

The District's Board of Education has determined by resolution that financial statements prepared in conformity with generally accepted accounting principles are not relevant to the requirements of the cash basis and budget laws of the State of Kansas and are of no significant value to the Board, the Unified School District or the members of the general public of the District. The District passed a resolution in accordance with the Division of Accounts and Reports of the State of Kansas which served as notice of the Board's election to waive the requirements for reporting of its financial data in conformity with generally accepted accounting principles, as provided for and authorized by K.S.A. 75-1120a(c).

**Ad Valorem Tax Revenue**

The determination of assessed valuation and the collections of property taxes for all political subdivisions in the State of Kansas is the responsibility of the various counties. The County Appraiser's Office annually determines assessed valuation and the County Clerk spreads the annual assessment on the tax rolls. One-half of the property taxes are due December 20 and are distributed to the District by January 20 to help finance the current year's budget. The second half is due May 10 and is distributed to the District by June 5. The District Treasurer draws all available funds from the County Treasurer's Office at designated times throughout the year.

**UNIFIED SCHOOL DISTRICT NO. 378**  
Riley, Kansas  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
June 30, 2011

**Note 1: Summary of Significant Accounting Policies (Continued)**

**Reimbursed Expenses**

Reimbursed expenses are defined as repayments of amounts remitted on behalf of another party. All reimbursed expenses shown in the financial statements meet the following criteria: 1) the related disbursement was made in the current year on behalf of the payee, 2) the item paid for was directly identifiable as having been used by or provided to the payee, and 3) the amount of the reimbursed expense was directly tied to the amount of the original cash disbursement.

**Principles Used in Determining Scope of Entity for Financial Reporting Purposes**

The scope of the entity for financial reporting purposes is defined as those funds for which the School District Board has oversight responsibility and is primarily accountable. Oversight responsibility includes budgetary authority and fiscal management responsibility. Budgetary authority is defined as authority for final approval of budgetary appropriations and revisions. Fiscal management responsibility is control of the collection and disbursements of funds. These financial statements include all funds included in the District's legally adopted budget and trust and agency funds controlled or administered by district employees in their capacity as district employees.

**Budget and Tax Cycle**

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special revenue funds (unless specifically exempted by statute) and debt service funds. The statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

1. Preparation of the budget for the succeeding twelve month period on or before August 1st of each year.
2. Publication in a local newspaper of the proposed budget and this notice of public hearing on the budget on or before August 5th.
3. Public hearing on or before August 15th, but at least ten days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25th.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at that time.

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison statements are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

All legal annual operating budgets are prepared using the modified accrual basis of accounting, modified further by the encumbrance method of accounting. Revenues are recognized when cash is received. Expenditures include disbursements, accounts payable, and encumbrances. Encumbrances are commitments by the District for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. All unencumbered appropriations (legal budget expenditure authority) lapse at year-end.

UNIFIED SCHOOL DISTRICT NO. 378  
Riley, Kansas  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
June 30, 2011

**Note 1: Summary of Significant Accounting Policies (Continued)**

**Budget and Tax Cycle (Continued)**

A legal operating budget is not required for capital projects funds, trust funds, and the following special revenue funds:

Contingency Reserve	Title II A Teacher Quality	Title IV Safe & Drug Free
Student Materials Revolving	Title II D Technology	Title I Grants - ARRA Funds
Title I		Title II D Ed Tech - ARRA Funds

Spending in funds which are not subject to the legal annual operating budget requirement is controlled by federal regulations, other statutes, or by the use of internal spending limits established by the governing body.

**Vacation, Sick Leave and Other Compensated Absences**

The District's policy regarding vacation permits employees to use their vacation no later than six months after the year in which it is earned. If it is not used within six months after year end, it is lost. All employees who receive vacation pay are entitled to payment for all accrued vacation earned prior to termination or resignation. All other compensated absences do not vest or accumulate and the vacation pay does not accumulate; therefore, all compensated absences are recorded as expenditures when they are paid.

**Note 2: Deposits and Investments**

Kansas State Statutes authorize the District, with certain restrictions, to deposit or invest in open accounts, time deposits, certificates of deposit, repurchase agreements and U.S. Treasury Bills and Notes. Statutes also require that collateral pledged must have a fair market value equal to 100% of the deposits and investments, less insured amounts, and must be assigned for the benefit of the District.

At June 30, 2011, the carrying amount of the District's deposits was \$2,504,172. The bank balance was \$2,703,018. The difference between the carrying amount and the bank balance is outstanding checks and deposits in transit. Of the bank balance, \$256,142 was insured by FDIC insurance and \$2,446,876 was collateralized by pledge securities held under joint custody receipts issued by a third-party bank in the school district's name. The third-party bank holding the pledged securities is independent of the pledging bank.

**Note 3: Defined Benefit Pension Plan**

Plan description: The District participates in the Kansas Public Employees Retirement System (KPERS), a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, et seq. KPERS provides retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERS (611 S. Kansas; Topeka, KS 66603-3803) or by calling 1-888-275-5737.

**UNIFIED SCHOOL DISTRICT NO. 378**  
Riley, Kansas  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
June 30, 2011

**Note 3: Defined Benefit Pension Plan (Continued)**

Funding policy: K.S.A. 74-4919 establishes the KPERS member-employee contribution rate at 4% of covered salary. Member-employees' contributions are withheld by their employer and paid to KPERS according to the provisions of section 414(h) of the Internal Revenue Code. The State of Kansas is required to contribute the remaining amount necessary to achieve the actuarially determined contribution rate. Kansas currently contributes 9.17% of covered payroll. These contribution requirements are established by KPERS and are periodically revised. Kansas' contributions to KPERS for all public school municipality employees for the years ending June 30, 2011, 2010 and 2009 were \$253,834,044, \$248,468,186, and \$242,277,363, respectively, equal to the required contributions for each year. Of the total paid for 2011, \$64,969,692 was not paid until July 12, 2011.

**Note 4: Transfers**

The District made the following operating transfers during the fiscal year 2011. The transfers were approved by the Board of Education.

	<u>From</u>	<u>To</u>
General fund	\$ 1,035,625	\$ -
Supplemental general	1,246,928	-
Special revenue funds		
Capital outlay	-	138,798
Contingency reserve	-	45,000
At risk fund	-	180,000
Food service fund	-	322,168
Special education fund	-	1,173,669
Vocational education fund	-	383,332
Parents' education fund	-	19,586
Drivers education fund	-	20,000
<b>TOTALS</b>	<u>\$ 2,282,553</u>	<u>\$ 2,282,553</u>

**Note 5: Litigation**

The District's attorney advises us that as of this date, he is aware of no material pending or threatened litigation or unasserted claims against the District that would require disclosure.

**Note 6: General Long-Term Debt**

Kansas Statute Annotated 72-6761 restricts the level of authorized and outstanding bond indebtedness of the District to not more than 14% of the assessed valuation of tangible taxable property within the District. At June 30, 2011, based on the assessed valuation as of that date of \$31,446,560, the general obligation debt limit was \$4,402,518; after reduction for the outstanding eligible general obligation bonds total of \$2,220,000 plus the \$676,364 available for general obligation debt in the Debt Service Fund, provides a general obligation debt margin of \$2,858,882.

UNIFIED SCHOOL DISTRICT NO. 378  
Riley, Kansas  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
June 30, 2011

**Note 7: Leases**

The District has entered into a lease purchase agreement for a fine arts building. The agreement provides for semi-annual payments by the District of principal and interest for the term of the agreement. The District has the option to purchase title to the property during the lease term upon payment of a purchase price set forth by the agreement.

The following is a schedule of future minimum lease payments under capital leases, together with the net present value of the minimum lease payments as of June 30, 2011, for the year ending June 30,:

2012	\$ 37,945
Minimum lease payments for all capital leases	\$ 37,945
Less: Amounts representing interest at the amount stated in agreement	(5,711)
Present Value of Minimum Lease Payments	<u>\$ 32,234</u>

**Note 8: Intergovernmental Revenue**

The following shows the sources for intergovernmental revenue for the year ended June 30, 2011:

Fund	Federal	State	Local	Total
General	\$ 245,481	\$ 4,041,211	\$ -	\$ 4,286,692
Special Revenue - Budgeted				
Supplemental general	\$ -	\$ 765,865	\$ 112,612	\$ 878,477
Capital outlay	-	137,594	-	137,594
Drivers education	-	3,108	-	3,108
Food service	140,853	3,644	-	144,497
KPERs special retirement contribution	-	205,490	-	205,490
<b>Total</b>	<u>\$ 140,853</u>	<u>\$ 1,115,701</u>	<u>\$ 112,612</u>	<u>\$ 1,369,166</u>
Special Revenue - Non-Budgeted				
Title I	\$ 90,249	\$ -	\$ -	\$ 90,249
Title I (2009 ARRA)	21,104	-	-	21,104
Title IID Ed Tech (2009 ARRA)	821	-	-	821
Title II A Teacher Quality	22,937	-	-	22,937
Title II D Education Technology	305	-	-	305
<b>Total</b>	<u>\$ 135,416</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 135,416</u>
Debt Service	\$ -	\$ -	\$ 33,446	\$ 33,446
<b>TOTALS</b>	<u>\$ 521,750</u>	<u>\$ 5,156,912</u>	<u>\$ 146,058</u>	<u>\$ 5,824,720</u>



UNIFIED SCHOOL DISTRICT NO. 378  
Riley, Kansas  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
June 30, 2011

**Note 9: Contingencies**

The District receives significant financial assistance from numerous federal and state governmental agencies in the form of grants and state pass-through aid. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on the financial statements of the District at June 30, 2011.

**Note 10: Risk Management**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the District carries commercial insurance. Settlements of claims have not exceeded coverage during the past three fiscal years.

**Note 11: Comparative Prior Year Amounts**

The 2010 actual amounts presented in the financial statements have been taken from the audit report for the year ended June 30, 2010 and are presented for comparative purposes only.

**Note 12: Other Employee Benefits**

***Non-Certified: Sick Leave, Bereavement Leave and Personal Leave***

Sick leave will be credited 1 day for each 20 working days, not to exceed 12 days per year, and may accumulate to a maximum of 70 days. Only regular full-time and regular part-time employees will be allowed sick leave. A maximum of 5 days bereavement leave per year may be taken in the event of the death of certain relatives. Two days of personal leave per year will be granted to cooks, custodians and clerical help who work 25 or more hours per week on a regular basis. The same classification of employees who work less than 25 hours per week on a regular basis, and regularly employed bus drivers, will be granted 1 day of personal leave per year. Full-time employees of the District will be entitled to 2 weeks vacation with pay after 1 year of continuous employment.

***Certified: Sick Leave, Bereavement Leave and Personal Leave***

Sick leave will be credited 1 day for each 20 working days, not to exceed 10 days per year, and may accumulate to a maximum of 75 days. A maximum of 5 days bereavement leave per year may be taken in the event of the death of certain relatives. Two days of personal leave per year will be granted, but will not be accumulated.

UNIFIED SCHOOL DISTRICT NO. 378  
Riley, Kansas  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
June 30, 2011

**Note 12: Other Employee Benefits (Continued)**

***All Employees***

On September 1, 1987, the District adopted the U.S.D. No. 378 Riley County Schools Flexible Benefit Plan. Each eligible employee may participate in the plan on the enrollment date coincidental with or next following the date on which he or she attains age 18 and completes his or her first day of employment. Employees not eligible to participate are: 1) those who normally work less than 30 hours per week; 2) employees who normally work less than 6 months during any plan year; 3) employees other than teachers who are covered by a collective bargaining agreement; and 4) non-resident aliens who have no earned income from the employer.

The purpose of the plan is to permit participating employees to convert a portion of their taxable compensation into nontaxable fringe benefits on an annual basis. This amount may not exceed the amount of compensation of the lowest paid employee who is eligible to participate in the plan. Benefits available to participants are the provision for reimbursement of medical expenses or medical insurance premiums, payment of premiums on group term life or disability insurance, or payment of or reimbursement of dependent care expenses.

## **SUPPLEMENTAL INFORMATION**

**SCHEDULE 1**

**UNIFIED SCHOOL DISTRICT NO. 378**  
Riley, Kansas  
**SCHEDULE OF INVESTMENTS**  
June 30, 2011

**Idle Funds**

The Riley State Bank of Riley, Kansas

\$ 2,717,578

Leonardville State Bank, Leonardville, Kansas

6,142

**TOTAL IDLE FUNDS**

\$ 2,723,720

*Supplemental Information*

**UNIFIED SCHOOL DISTRICT NO. 378**  
 Riley, Kansas  
**FUNDS ON DEPOSIT COMPARED WITH DEPOSITORY COVERAGE**  
**(INCLUDES ACTIVITY FUNDS)**  
 June 30, 2011

	<b>F.D.I.C. Coverage</b>	<b>Securities Pledged Market Value</b>	<b>Total Coverage</b>	<b>Funds on Deposit</b>	<b>Funds at Risk</b>
The Riley State Bank Riley, Kansas	\$ 250,000	\$ 3,161,176	\$ 3,411,176	\$ 2,717,578	\$ -
Leonardville State Bank Leonardville, Kansas	250,000	-	250,000	6,142	-
<b>TOTAL</b>	<b>\$ 500,000</b>	<b>\$ 3,161,176</b>	<b>\$ 3,661,176</b>	<b>\$ 2,723,720</b>	<b>\$ -</b>

**Supplemental Information**



June 11, 2012

Board of Education  
Unified School District No. 378  
Riley, Kansas

**Independent Auditors' Report on Internal Control over Financial Reporting  
and on Compliance and Other Matters Based on an Audit of Financial  
Statements Performed in Accordance with Government Auditing Standards**

We have audited the financial statements of the Unified School District No. 378 (the District) as of and for the year ended June 30, 2011 and have issued our report thereon dated June 11, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *material weakness* is a deficiency, or combination of control deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of administration and the Board of Education, and is not intended to be and should not be used by anyone other than these specified parties. Though restricted in use, reports issued in connection with an audit of a local government may be a matter of public record.

*Varney & Associates, CPAs*

Certified Public Accountants  
Manhattan, Kansas



June 11, 2012

Board of Education  
Unified School District No. 378  
Riley, Kansas

**Independent Auditors' Report on Compliance with Requirements  
Applicable to Each Major Program and on Internal Control  
over Compliance in Accordance with OMB Circular A-133**

**Compliance**

We have audited the compliance of Unified School District No. 378 (the District) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2011. The District's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audits of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our audits provide a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, Unified School District No. 378 complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

### Internal Control over Compliance

The administration of the District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended for the information of administration, the Board of Education, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties. Though restricted in use, reports issued in connection with an audit of a local government may be a matter of public record.

*Vaney & Associates, CPAs*  
Certified Public Accountants  
Manhattan, Kansas



**UNIFIED SCHOOL DISTRICT NO. 378**  
**Riley, Kansas**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For the Year Ended June 30, 2011

<b>Federal Grantor/Pass-Through Grantor/Program Title</b>	<b>Federal CFDA Number</b>	<b>Pass-Through Entity Identifying Number</b>	<b>Expenditures</b>
<b>U.S. Department of Agriculture</b>			
Passed through Kansas Department of Education			
School breakfast program	10.553	DO378	\$ 22,597
National school lunch program	10.555	DO378	97,604
Cash for commodities	10.555	DO378	20,653
<b>Total U.S. Department of Agriculture</b>			<u>\$ 140,854</u>
<b>U.S. Department of Education</b>			
Passed through Kansas Department of Education			
ARRA State fiscal stabilization funds	84.394	DO378	\$ 88,776
Title 1, financial assistance to meet special education needs of disadvantaged children	84.010	DO378	90,249
Character Education Initiative	84.215	DO378	1,259
TII Technical Literature	84.318	DO378	305
TII Technical Literature ARRA	84.386	DO378	821
Title II A Improving Teacher Quality	84.367	DO378	22,937
ARRA Title I	84.389	DO378	21,104
Education Jobs Fund	84.410	DO378	* 155,446
<b>Total U.S. Department of Education</b>			<u>\$ 380,897</u>
<b>TOTAL FEDERAL EXPENDITURES</b>			<u><u>\$ 521,751</u></u>

**Note 1: Basis of Accounting**

This schedule is presented on a basis of accounting which demonstrates compliance with the cash basis and budget laws of Kansas. Cash receipts are recognized when the cash balance of a fund is increased. Cash disbursements are recognized when the cash balance of a fund is decreased. Expenditures include disbursements, accounts payable and encumbrances.

The District did not receive any non-cash awards during the year.

\*Major Programs

**Supplemental Information**

**UNIFIED SCHOOL DISTRICT NO. 378**  
Riley, Kansas  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
For the Year Ended June 30, 2011

**Section I - Summary of Auditors' Results**

**Financial Statements**

Type of auditors' report issued:	Unqualified	
Internal control over financial reporting:		
Material weaknesses identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> None
Reportable conditions identified not considered to be material weaknesses?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> None reported
Noncompliance material to financial statements noted?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> None

**Federal Awards**

Internal controls over major programs:		
Material weaknesses identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Reportable conditions identified not considered to be material weaknesses?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> None reported

Type of auditors' report issued on compliance for major programs:	Unqualified
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Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133, Section .510(a)?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
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Identification of major programs:

<u>Name of Federal program</u>	<u>CFDA Number</u>
Education Jobs Fund	84.410

Dollar threshold used to distinguish between Type A and Type B programs:	\$ 300,000
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Auditee qualified as a low-risk auditee?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
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**Section II - Financial Statement Findings**

No matters were reported.

**Section III - Federal Award Findings and Questioned Costs**

There were no current year findings or questioned costs.

*Supplemental Information*

**UNIFIED SCHOOL DISTRICT NO. 378**  
Riley, Kansas  
**SCHEDULE OF PRIOR AUDIT FINDINGS**  
For the Year Ended June 30, 2011

There were no prior audit findings.

*Supplemental Information*